GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:1643
ANSWERED ON:28.11.2007
AUCTION OF COAL BLOCKS
Acharia Shri Basudeb

Will the Minister of COAL be pleased to state:

(a) whether the move of the Government to auction coal blocks has been strongly opposed;

(b) if so, the details thereof; and

(c) the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYANA ROA)

(a) to (c): Reservations were expressed from certain quarters against the proposed system of allocation of coal and lignite blocks through competitive bidding on, inter-alia, the following grounds:

(i) There would be increase in the cost of coal and thereby in the cost of power generation;

(ii) The prerogative of the States Government in the selection of a lessee will get diluted,

(iii) Allocation of lignite blocks through competitive bidding would place the lignite bearing State at a disadvantage while negotiating other terms and conditions with the power project developers;

(iv) The proposed system of allocation through competitive bidding would not provide higher priority to power sector.

The view of the Government has been that rational bidding is unlikely to increase the cost of coal when compared to notified price of CIL. Through competitive bidding, prerogative in the selection of a lessee will be exercised in a more transparent and objective manner. Allocation of lignite blocks and award of power projects could be done in a planned and coordinated manner between the concerned State Governments and the Central Government. There would be no bar on holding separate auction of coal blocks to different sectors as per the proposal under consideration. The power utilities in the public sector will still have access to coal blocks through the government company dispensation, without necessarily participating in the competitive bidding.